

Eurex Clearing - CSDR

CSDR Release Notes

Eurex Clearing AG

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Abstract

This document describes the functional changes to Eurex Clearing AG's¹ Central Counterparty (Securities CCP and C7 SCS) services for securities clearing related to the regulatory driven settlement discipline measures regarding the treatment of late deliveries in context of CSD regulation (CSDR). The introduction of CSDR is scheduled by EU Commission and ESMA for 1st of February 2022.

The CSDR settlement discipline introduction affects both clearing systems of Eurex Clearing AG¹. The new securities clearing system, C7 Securities Clearing Service (C7 SCS), will be introduced on 27th September 2021 for transactions at the Frankfurt Stock Exchange and transactions concluded at Eurex Deutschland that result in physical securities transactions². C7 SCS will be launched under ESMA Short Selling Regulation until CSDR introduction. The Eurex Repo market and BrokerTec transactions will remain at time of CSDR introduction in the existing Securities CCP system.

¹ ,ECAG' will be used for 'Eurex Clearing AG' in this document

² CREST transactions and Bilateral processing will still be via Securities CCP

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1 Introduction

1.1 Regulatory background of CSDR

The regulatory background for this document is Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23rd July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (CSDR). CSDR is complemented by various Implementing Technical Standards and Regulatory Technical Standards (RTS) published by the European Banking Authority and European Securities and Markets Authority (ESMA).

Regulation (EU) No 909/2014 ('the Regulation') harmonizes the conduct of securities settlement in the Union and the rules governing central securities depositories (CSDs). One of the main objectives of the Regulation is to improve the safety and efficiency of securities settlement, in particular for cross-border transactions, by ensuring that buyers and sellers receive their securities and money on time and without risks. To achieve this objective, the Regulation harmonizes the timing and framework for securities settlement in the Union. In particular, it provides a set of measures to prevent and address failures in the settlement of securities transactions (settlement fails) commonly referred to as the Settlement Discipline Regime (SDR). The Settlement Discipline Regime is codified in CSDR and the related Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline.

The regulation covers obligations and CSD-relevant provisions to harmonize CSD activities and standards in the European Union. The mandatory Buy-in and the associated cash compensation (in case of an unsuccessful Buy-in) are the strongest elements of the new Settlement Discipline Regime and aim to limit the risk of unlimited settlement fails and fails chains. In addition to the regulatory documents published by ESMA and the EU Commission, the market associations for the CSDs 'ECSDA' and for the CCPs 'EACH' published own frameworks to gain market agreements and unique processing.

CSDR requirements regarding settlement discipline affect wider financial market infrastructures in addition to CSDs themselves, including ECAG as CCP and trading venues.

Initial compliance date with whole SDR was 13.09.2020. ESMA postponed the date of entry into force of the settlement discipline stepwise to 1st of February 2022.

1.2 Readiness Statement

No readiness statement is required.

2 Functional Scope and Overview

The following lists provide a high level functional overview of the services introduced with CSDR. For the detailed description of functional changes please refer to section 3 'Details on CSDR related functional changes'.

Delivery Management

CSDR related 'Delivery Management' components with CSDR launch in February 2022³.

- Partial settlement: The delivery instructions have to contain the partial settlement indicator as an optional matching criterion (no process change⁴). ECAG activated partial settlement on 15th of March 2021, except for the Repo SIN model
- Trade date becomes a mandatory field (no process change)
- Transaction type indication for delivery instructions (no process change)
- Place of Clearing (will be introduced already with C7 SCS in September 2021)
- Place of Trading
- 'BPSS' indicator after Buy-in re-instruct
- Bilateral cancellation of instructions when ECAG sends instructions without Power of Attorney (PoA) (no process change as ECAG has PoA for all CSDR relevant (I)CSDs)
- Hold & Release. Requests for delivery instructions via MT530⁵ have to be sent directly to the (I)CSDs
- Corporate (custody) actions for deliveries of ECAG in Repo business (ASDN, Securities CCP) have to be suppressed with the 'NOMC' flag present in the delivery instruction (no process change)
- Separate SME net result if applicable (relevant to C7 SCS only)
- ECAG has to send out again all delivery instructions for pending trades, that were cancelled during current ASDN process (Repo) before the settlement cut-off and all late blocked trades (with settlement obligation), that were not sent to the (I)CSDs before at all. These instructions are sent on-hold (as PREA) shortly before the (I)CSD settlement cut-off and cancelled again at end of ECAG processing day. For TDN process of C7 SCS, instruction availability at the (I)CSDs is ensured (no cancellation) in general with TDN process⁶
- ECAG will send cross-venue net delivery instructions with MIC code 'ECAG' as today but with new MIC code 'ECGS' for SME related trades (only C7 SCS related)

Functional changes with the CSDR Penalty Regime

- (I)CSDs calculate and provide the penalties for cleared business for late deliveries on ECAG's settlement accounts. The (I)CSD calculation is binding for CCPs
- ECAG will receive the (I)CSD penalty calculation on a daily and monthly basis via (I)CSD MT537 penalty message

³ Some CSDR related components are already introduced before CSDR launch

⁴ Status quo at CBF/T2S. The ICSDs Clearstream Banking Luxembourg and Euroclear already implemented CSDR related message changes in October 2020

⁵ Partial release via MT530 is possible directly at CBF and as of November 2021 directly at CBL. Partial Release for CBL using Routing service will be still done via Cancel/Re-instruct

⁶ Exceptional scenarios of cancellations can also occur with TDN

- ECAG will provide a daily (CE840) and monthly (CE845) penalty report on Clearing Member level
- The final monthly (I)CSD penalty data in the MT537 will be mapped (according to CSDR L2 RTS Art. 19) at ECAG from settlement account view to ECAG Clearing Member level. Penalty collection and distribution for the cleared business will be done by ECAG monthly in sync with the CSD's OTC penalty process on the Clearing Member cash accounts (on 17th business day of following month of penalty period)

Functional changes with the CSDR Buy-in Regime

For all instruments cleared by ECAG, the Buy-in auction will be conducted by the Buy-in Agent (BIA) under the roof of 'Eurex Securities Transactions Services GmbH' (Eurex STS).

- For instruments not regulated under CSDR, existing Buy-in schedule will remain as today (but with intraday schedule alignments to the regulated business, e.g. Buy-in notification)
- Currently regulated ISINs under ESMA Short Selling Regulation (SSR) will be regulated in future with extended scope and changed schedule under the CSDR Buy-in regime
- CSDR regulated mandatory Buy-in will be applied on basis of the penalty data for a pending (I)CSD delivery instruction (e.g. the Intended Settlement Day ISD). Nevertheless, the actual ECAG Buy-in will be applied on open deliveries to ECAG on trade level
- ECAG will apply the instrument related Extension Period of the CSDR Buy-in schedule
- Two Buy-in attempts on two consecutive days will be applied only for the classification as 'illiquid shares', one Buy-in attempt for all other CSDR instrument classes⁷
- ECAG will apply cash settlement after a (partially) not successful Buy-in for the remaining quantity immediately after the last Buy-in attempt

Reports

ECAG will provide new CSDR penalty related reports in the Common Report Engine (CRE) based on the (I)CSD MT537 penalty reporting but mapped to Clearing Member level. Reports provide joint view for penalties on instructions from Securities CCP and C7 SCS.

- Daily report (CE840 'Daily CSDR Penalties' report) on single penalty and delivery instruction level, enriched by the underlying trade data per pending delivery instruction (XML only, no subscription required, CRE CCP folder)
- Monthly report (CE845 'Monthly CSDR Penalties' report) of monthly aggregated penalty sums per Clearing Member and in addition with the granularity of single penalty and delivery instruction level (XML only, no subscription required, CRE CCP folder)
- Billing report CB226 similar to the current fee/fines report CB225 but only monthly in sync with the CSDR penalty booking schedule and with the new monthly aggregated collection and distribution view (no subscription required for XML version, subscription via Securities Clearing GUI of Securities CCP or report selection sheet for printable version, CRE CCP folder)

⁷ Liquidity indicator and CSDR Instrument Classification are part of the daily CSD and ECAG penalty reporting to a failing delivery instruction

Member Interfaces and Services

- CSDR related reports are provided via the Common Report Engine (CRE) in CCP folder

Technical Connection

- Connection to Securities Clearing GUI of Securities CCP required to select (subscribe) printable version of new CB226 CSDR report
- No subscription is required for XML versions of new reports CE840, CE845, CB226
- Connection to the Common Report Engine (CRE) required to receive CSDR reports (CE840, CE845, CB226 in CCP folder)

Migration

The migration from current ESMA Short Selling Regulation (SSR) fines to CSDR penalties will be done without overlap of the fine/penalty period. Nevertheless, reporting and billing of SSR related fines for January 2022 will be provided as usual beginning of February.

- First daily CE840 CSDR penalty report is expected in sync with (I)CSD MT537 reporting on the 2nd Business Day (BD) of February 2022 (for the first CSDR penalty day on 1st BD)
- First monthly CE845 CSDR penalty report is expected on 14th BD of March 2022 for penalty period 'February 2022'
- First CB226 CSDR penalty report for billing is expected on 15th BD of March 2022 for penalty period 'February 2022'

3 Details on CSDR related functional changes

ESMA clarified that all ISINs cleared by a CCP⁸ must be considered as 'CSDR regulated' but excluding those shares (CSDR L1 Art. 7(13)) (similar to exempted shares under the current Short Selling Legal Framework) having their principal trading venue located in a third country. Under CSDR L1 Art. 16(2) the relevant competent authorities notify ESMA of such shares. On the basis of these notifications, ESMA publishes the compiled list of exempted shares as today.

3.1 Delivery Management

CSDR mandates that CSDs implement specific matching criteria for delivery instructions (CSDR L2 RTS Art. 5 and 13) and mandatory delivery management functionality. As direct or indirect participants at CSDs, CCPs have to follow the same matching criteria for delivery instructions as all other market participants.

ECAG will activate CSDR related 'Delivery Management' components with CSDR launch on 1st February 2022.

3.1.1 Population of delivery instructions

- Trade date becomes a mandatory field (no process change)
As no single standard is mandated by CSDR, ECAG will continue to send delivery instructions with 'trade date' denotation as today
- Transaction type indication for all delivery instructions (no process change)
As no single standard is mandated by CSDR, ECAG will continue to use transaction type 'TRAD' (:22F::SETR/TRAD)
- Place of Clearing (will be introduced already with C7 SCS in September 2021)
The MT540, MT541, MT542 and MT543 outgoing messages of ECAG must be modified. In the Trade Details block, a new Place of Clearing field is introduced. ECAG will identify own transactions by including the Bank Identifier Code (BIC) in the 'place of clearing' field, depending on market: EUXCDEFFXXX, EUXCDEFFBON, EUXCDEFFCCP.
- Place of Trading
ECAG clears and nets trades executed on multiple trading venues. ECAG will use the MIC codes XETR, XFRA, XERE, XEUR, BTAM, ECAG, ECGS
 - Without cross-venue netting (not SME): MIC code XETR, XFRA, XEUR, XERE, BTAM
 - With cross-venue netting (not SME): Currently, ECAG sends net transactions to (I)CSDs with a place of trading value of own MIC 'ECAG'. This will be continued with CSDR for cross-venue net transactions from all markets beside SME related ones, where the new MIC 'ECGS' will be used (ESMA registered SME BIC for ECAG)
 - SME: For instructions of SME related trades, ECAG will always use the new MIC 'ECGS' (ESMA registered SME BIC for ECAG), with and without netting (only C7 SCS related)

⁸ ESMA clarified that rule of CSDR L1 Art. 7(10) is valid for penalties and Buy-ins

Sequence B – Mandatory (M) – Trade Details					
O/M ⁹	Tag	Field Name			Example
M	16R	Start of Block	TRADEDET	Trade Details	:16R:TRADEDET
M	94H	Place of Clearing	:CLEA//11!c	Clearing place. To be filled with ECAG's BIC	:94H::CLEA//EUXCDEFFXXX
M	94B	Place of Trade	:TRAD/[8c]/4!c[/30x]	Place of Trade. To be filled with the EXCH tag and <MIC_COD>. XETR, XFRA, XEUR, XERE, BTAM, else with netting ECAG' or 'ECGS' (for SME, net and gross)	:94B::TRAD//EXCH/ECAG

Table 1: The MT540, MT541, MT542 and MT543 outgoing messages of ECAG must be modified. In the Trade Details block, a new Place of Clearing field is introduced

- 'BPSS' indicator after Buy-in re-instruct
In case a remaining quantity has to be re-instructed after Buy-in, both legs (receipt and delivery) of the instructions must have the field :22F::STCO//BPSS¹⁰ populated allowing the (I)CSD to identify the Buy-in case and apply penalties only as of 'entry date' in the settlement system instead of ISD (no 'Late Matching Fail Penalty' (LMFP) to avoid double penalties)
- Partial settlement (no process change)
The delivery instructions have to contain the partial settlement indicator as an optional matching criterion. Clearstream Banking Frankfurt and T2S already offer partial settlement without CSDR. The ICSDs Clearstream Banking Luxembourg and Euroclear implemented CSDR related message changes already in October 2020. ECAG activated partial settlement (except for the SIN model of Repo business) on 15th of March 2021 on ECAG account level at EOC and CBL and in ECAG own and PoA instructions
 - For all instructions at EOC and CBL (also Bridge instructions)
 - For all SIN instructions the partial settlement indicator has to be filled with 22F::STCO//NPAR (no partial settlement as today)

⁹ O/M: Optional/Mandatory

¹⁰ Note: Initial ECSDA/SWIFT agreement was to use indicator :22F::STCO//REGL/BSSP, but SWIFT/T2S decided with T2S CR001666 to implement '//BPSS' (Partial Successful Buy-in) with their November 2021 release.

Note: Only when the indicator is present on both, the receipt and delivery instruction, LMFP would not be applied under this exemption rule by the CSD

- For all DIN instructions the partial settlement indicator has to be filled with 22F::STCO/COEX/PARQ¹¹

Further CSDR related changes for the delivery management of instructions

- Bilateral cancellation of instructions when ECAG sends instructions without PoA (no process change as ECAG has PoA for all CSDR relevant (I)CSDs)
- Hold & Release requests for delivery instructions via MT530¹² have to be sent directly to the (I)CSD
- Corporate (custody) actions for deliveries of ECAG in Repo business (Securities CCP) have to be suppressed with the 'NOMC' flag present in the delivery instruction (no process change¹³)
- As trades from SME markets are not allowed to be netted with non-SME trades, a separate SME net result has to be created by the CCP if applicable (relevant to C7 SCS only, but will not occur with current listing of SME instruments)

3.1.2 ECAG cancellation of delivery instructions with ASDN processing (Repo business)

(I)CSDs will define instructions as 'late' if not settled at the end of related settlement processing (status change from PEND to PENF). ECAG has to ensure that all pending trades are available as delivery instructions at (I)CSD settlement cut-off for the 'CSD penalty snapshot' at the (I)CSDs. With ASDN processing for Repo business, ECAG has to send out again all delivery instructions for pending trades, that were cancelled during current ASDN process before the settlement cut-off and all late blocked trades (with settlement obligation), that were not sent to the (I)CSDs before at all. These instructions are sent on-hold (as PREA) shortly before the (I)CSD settlement cut-off and cancelled again at end of ECAG processing day.

- Late blocked trades (member blocked trades with a settlement obligation) that were not sent to the (I)CSDs before, have also to be re-instructed on-hold
 - As blocked trades are not instructed, the Securities CCP system will send pre-advised delivery instructions on trade level for those late trades or their (not closed) blocked parts and for not instructed corresponding buy-trades
 - As penalties must be credited to the member on the buy side, the quantity of every blocked trade must also be covered by one or more buy trades. At the same time as blocked trades, the Securities CCP system will also send pre-advised delivery instructions for pending late buy trades (still pending, not closed) and for which no instruction was sent to the (I)CSD before
- The pre-advised delivery instructions will carry a new delivery instruction IDs.
- The Intended Settlement Date (ISD) shall always be the current business date to avoid 'Late Matching Fail Penalty' (LMFP) at the (I)CSD

¹¹ Please note that CBL always considers value PARQ as PART - i.e. there will be no threshold in quantity applied

¹² Partial release via MT530 is possible directly at CBF and as of November 2021 directly at CBL. Partial Release for CBL using Routing service will be still done via Cancel/Re-instruct

¹³ Status quo at CBF/T2S. The ICSDs Clearstream Banking Luxembourg and Euroclear already implemented CSDR related message changes in October 2020

- The Securities CCP system will send the pre-advised delivery instructions as already matched (ALM) when it is possible, or it will send the PoA pre-advised delivery instructions as per original delivery instructions

Sequence A – Mandatory – General Information					
O/M ¹⁴	Tag	Field Name			Example
M	16R	Start of Block	GENL	General Information	:16R:GENL
M	20C	Sender's Reference	:SEME//16x	CCP Reference number per message	:20C::SEME//CCP2012D000001
M	23G	Function of the Message	4!c[4!c]	PREA: Held Delivery instruction	:23G:PREA
M	98C	Preparation Date/Time	:PREP//8!n6!n	Format: 'YYYYMMDDHHMMSS'	:98C::PREP//20110824113445

Table 2: The pre-advised status will be set in the outgoing MT540, MT541, MT542 and MT543 messages of ECAG in the 23G field (the rest of the messages layout remains unchanged hence not displayed)

- PREA instructions for (I)CSD penalty snapshot will raise additional network/(I)CSD costs. ECAG therefore minimize the impact of pre-advised delivery instructions
 - ECAG will delay the cancellation of DvP instructions for special Repo trades with the ASDN process to 16:15 to ensure availability of instructions in the (I)CSD 'penalty snapshot', which is shortly after the (I)CSD cut-off time and before the new ECAG cancellation time
 - ECAG will implement aggregation of late blocked trades to minimize the number of (I)CSD delivery instructions. Aggregation will take place on level of Clearing Member, (I)CSD, Settlement Account at the (I)CSD, ISIN, Currency, Buy/Sell type and SME Growth Market indicator. The resulting delivery instructions will carry the current business date as both, trade date and intended settlement date. The result of the aggregation will be the sum of the blocked quantities/amount of the late sell trades and the sum of the quantities/amounts of the pending non-instructed late buy trades
- Finally, the Securities CCP system will cancel all these pre-advised delivery instructions on-hold before the end of the online day at the Securities CCP, before creation of pending delivery report

¹⁴ O/M: Optional/Mandatory

3.2 Penalties regime

For securities falling under the CSDR settlement discipline measures, CSDR penalties on (I)CSD level will replace the current ESMA Short Selling Regulation (SSR) related penalties (which are calculated today by ECAG). Current contractual fines 'Fines over Dividend Record Day' and fines for late Eurex physical deliveries out of notifications/allocation for bonds will be continued.

The CSDR L2 RTS Art. 19 defines the obligation for CCPs to collect and distribute the (I)CSD calculated penalties for their cleared business on Clearing Member level. In case a settlement instruction has not settled on the Intended Settlement Day, the (I)CSD starts to collect the relevant information for further processing ('status snapshot at (I)CSD settlement cut-off').

General CSDR penalty process between CSD/CCPs

- (I)CSDs calculate CSDR penalties per late (I)CSD delivery instruction and also for late matching of instructions. CSDR penalties can therefore occur as 'Settlement fail penalty' (SEFP) for late delivery instructions and 'Late matching fail penalty' (LMFP)
 - Definition: All instructions that are not settled before the relevant (I)CSD DvP (per currency) or FoP cut-off time for the Intended Settlement Day are 'late'. All instructions that are matched after the cut-off time of the ISD are 'late matched'
- Late delivery penalties can be applied for lack of securities, lack of cash, on-hold instructions. (I)CSDs will define instructions as 'late' if not settled at the end of related (I)CSD settlement processing (status change at (I)CSD from PEND to PENF)
- ECAG as CCP is also a (I)CSD settlement participant with own settlement accounts
- Penalties are always distributed between settlement participants on sell and buy side of instructions. The overall market sum of penalties to be paid and sum of penalties to be received should be the same, the overall market should be flat
- (I)CSDs report daily (pre-advise) and monthly (final, always on 14th Business Day of following month) calculated penalties to all settlement participants on settlement account level per counterparty via new penalty report sequence in SWIFT MT537 message
- The penalties will be calculated by the (I)CSDs based on the daily reference market prices, for DvP and FoP instructions. No member penalty calculation/correction takes place on ECAG side as the (I)CSD calculation is legally binding also for CCPs

3.2.1 Daily penalty process at ECAG

- (I)CSDs will report the daily penalty calculation on single delivery instruction level to all settlement account holder (also ECAG) via new penalty report sequence in MT537 message. The reporting in MT537 is per settlement counterparty
- (I)CSDs will send the daily MT537 penalty report around noon for the previous day
- ECAG will parse the daily MT537 penalty messages for ECAG's own settlement accounts and store the penalty details per single penalty reference and delivery instruction ID, enriched by the related Clearing Member level

- Even though CCPs are not obligated by the CSDR regulation to replicate the (I)CSD daily reporting to their Clearing Members, ECAG decided to also provide a daily report on Clearing Member level. The daily penalty reporting will be provided in the new CSDR Penalty Report CE840, which will be stored in the Common Reporting Engine (CRE) (CCP folder) in XML format. Penalty amounts are provided on single penalty reference level and (I)CSD delivery instruction level. Only in the daily report, related underlying trades are provided per listed delivery instruction. As (I)CSD penalty values on instructions level are binding, no breakdown of penalty values per instruction to trade level will be done by ECAG
- The daily penalty reporting of the (I)CSDs and the daily reports of ECAG may be subject of changes by the CSDs. Therefore, ECAG will use the daily penalty data only for daily reporting and to store the related delivery instruction to a penalty (which is not repeated in monthly MT537 by CSDs)
- Clearing Members can use the daily penalty data for own penalty validation and to prepare in exceptional cases potential 'appeals' on a specific (I)CSD penalty calculation. As the (I)CSD penalty calculation is legally binding also for CCPs, member appeals on the (I)CSD penalty calculation have to be raised via the (I)CSD settlement account holder to the CSDs, in the same way as offered by the (I)CSDs for non-cleared business (appeals will be accepted by (I)CSDs until the 10th Business Day of following month)

3.2.2 Monthly penalty process at ECAG

Penalty calendar

ECAG as EACH-member has agreed to align the penalties processing to ECSDA's monthly timetable as described in Chapter 2 of the 'ECSDA CSDR Penalties Framework' where possible. ECAG will therefore trigger the reporting, collection, and redistribution of penalties in the month following the previous monthly penalty period as follows:

- 14th Business Day¹⁵: Monthly report of aggregated penalty amounts will be delivered (one consolidated report for Securities CCP and C7 SCS and all (I)CSDs)
- 17th Business Day¹⁵: Aggregated penalty amounts will be charged and redistributed to the relevant Clearing Members

Penalty data enrichment and reporting

- Latest on the 14th Business Day of the following month, (I)CSDs will report the monthly final penalty calculation after potential daily corrections and participant appeals to all settlement account holder (as ECAG) also via new MT537 report message, but on an aggregated/net settlement account level. In addition to the monthly net sums, all underlying penalties in its final status are listed by the CSDs, but without the level of detail as in the daily MT537 message

¹⁵ Business days of calculating CSD, next ECAG business day in case of ECAG holiday. Latest business day in case of different CSD holiday calendar to allow consolidated reporting and booking at ECAG

- ECAG will parse own daily MT537 messages (for the ECAG' settlement accounts at the (I)CSD) and store all single penalties with penalty reference and related delivery instruction ID (which is not repeated with monthly MT537 by CSDs). ECAG will use the final monthly list of single penalties with penalty reference and final penalty amount (based on monthly MT537) to transform the monthly (I)CSD calculated net sums per settlement account holder to monthly sums per Clearing Member. Additionally, ECAG enriches the monthly single penalties list again with the related delivery instructions (based on previously stored daily penalty data) and the related Clearing Member data
- Monthly ECAG penalty reporting will be provided in the new monthly CSDR Penalty Report CE845, which will be stored similar to the daily report in the Common Reporting Engine (CRE) (CCP folder) in XML format. Penalties are provided as monthly sums per Clearing Member and in addition on single penalty and single (I)CSD delivery instruction level

Penalty collection and distribution process

- ECAG's penalty collection and distribution ('booking') for cleared business will be done based on CSDR L2 RTS Art.19 on Clearing Member level
- The penalty booking will be implemented in the monthly billing process of ECAG, not as direct payments out of the Securities CCP or SCS system
- No monthly payment advise will be provided by ECAG to the Clearing Members, as also not provided by (I)CSDs for uncleared business (but monthly CE845 report can be used as forecast)
- Penalty bookings take place on Clearing Member level based on the ECAG calculated monthly aggregated amounts on Clearing Member level
- In general view, the penalties will be collected from all failing Clearing Members and re-distributed to all impacted Clearing Members via ECAG's own cash accounts (as for trade clearing and (I)CSD delivery instructions). ECAG is always buyer to the selling Clearing Member and seller to the Clearing Member as buyer. There is no direct Clearing Member relation for the penalties
- Even though (I)CSDs will mostly use EUR as penalty calculation basis (CBL:EUR, T2S:EUR,DKK), CSDR allows penalties calculated in the currency of the underlying delivery instruction. As for current fines/fee billing processing, ECAG will convert¹⁶ monthly sums of penalties to amounts for billing in the preferred currency of the Clearing Member (as stored in the member data setup)
- Booking of CSDR penalties will take effect in line with the (I)CSD schedule exactly on the 17th (I)CSD Business Day¹⁷ of the following month (three days after (I)CSD reporting on 14th BD) per currency and (I)CSD (per ECAG settlement account) on the related member cash account used for fee/fines processing
- As CSDR penalties have a different aggregation level, different reporting schedule and a new debit and credit view, a new billing report CB226 will be provided only for the CSDR related penalty bookings

¹⁶ ECB exchange rate of 14th BD according CSD Calendar. If 14th BSD exchange rates are missing, then 13th BD exchange rates will be used

¹⁷ Next ECAG Business Day in case ECAG holiday

Pro rata adjustments of unbalanced (I)CSD penalty calculation

- (I)CSD calculation of penalties in ECAG's MT537 penalty report could be unbalanced from ECAG point of view because of different reasons identified by EACH¹⁸
- Neither (I)CSDs nor CCPs are obliged to pay penalties as own expenses for the clearing of their customer business, nor are obliged to cover shortfalls of Clearing Members like in default situations and related losses to Clearing Members that expect a credit based on (I)CSD penalty calculation.
- In line with the CSD regulation and the announced (I)CSD processing for OTC business under CSDR L2 RTS Art. 17, to distribute less to the receiving party instead collecting the missing penalty amount from dedicated or all other parties (in case the sum of total collected penalty amount is less than distribution amount) ECAG will implement a pro-rata adaptation of the amount to be distributed (penalty distribution factor).
- ECAG will collect the total (I)CSD calculated penalty amount per currency from the Clearing Members on debit side. In case the (I)CSD calculated amount to be collected does not equal the (I)CSD calculated amount to be distributed, ECAG will calculate the ratio of 'total amount to be collected to total amount to be distributed' per ECAG settlement account at a (I)CSD and per currency. That market ratio for the actual monthly penalty distribution is then applied on the distribution side (pro-rata distribution)
 - If total amount to be collected is lower than total amount to be distributed, all distributions are adjusted down with the penalty distribution factor
 - If total amount to be collected is higher than total amount to be distributed, all distributions are adjusted up with the penalty distribution factor
- The actual penalty distribution market factor will be shown, as every single amount adaptation, in the new billing report CB226

Repo business

- CSDR penalties apply on the front and the term leg for open and for fixed term Repos (by (I)CSD calculation)

3.3 Buy-in regime

In order to increase settlement efficiency with CSDR, all CCPs have to implement solutions for dealing with failed transactions. These measures include implementing mandatory Buy-in and cash compensation models. CSDR's Settlement Discipline Regime aims to set minimum standards for Buy-in and cash compensation procedures. However, each individual CCP is allowed to maintain more stringent Buy-in rules to further boost settlement efficiency and protect own processes. Such rules will be communicated to the Clearing Members by every CCP and become part of the Clearing Conditions of ECAG.

- Currently regulated ISINs under ESMA Short Selling Regulation (SSR) will be regulated in future with CSDR (with an extended instrument scope for CSDR)

¹⁸ E.g. CCP overnight holdings, strange nets

- ESMA clarified that all ISINs cleared by a CCP (ESMA clarified that rule of CSDR L1 Art. 7(10) is valid for penalties and Buy-ins) must be considered for Buy-ins but excluding those shares (CSDR L1 Art. 7(13)) (similar to exempted shares under the current Short Selling Legal Framework) having their principal trading venue located in a third country. ESMA publishes the compiled list of exempted shares (as today). In general, every delivery instruction with a CSDR penalty calculated by a (I)CSD and reported to ECAG, has also to be considered by ECAG for CSDR relevant Buy-in
- ECAG will use the 'Auction tool' of the Buy-in Agent (BIA) under the roof of Eurex STS for CSDR regulated Buy-ins and not regulated Buy-ins. Buy-in costs will consequently be including BIA auctions
- Partial settlement is mandatory before Buy-in if securities are partially available. The change of related partial settlement indicator set by ECAG is prohibited for Clearing Members via Clearing Conditions
- In case of Corporate Action on Buy-in day, as today, ECAG will postpone the Buy-in execution for one day (or several if needed) in line with CSDR

3.3.1 CSDR defined Buy-in schedules

- ECAG has to follow the CSDR Buy-in schedule, which defines five different schedules for five different instrument classes
 - Liquid shares
 - Non-liquid shares
 - Debt instruments
 - Other instruments
 - SME growth market (overruling class if an instrument is actually traded at a SME market)
- Each Buy-in schedule is a sequence of three periods
 - Extension Period: Mandatory period, will not be shortened¹⁹ or extended in standard process
 - Delivery Period: Maximum period for Buy-in attempts and related securities delivery
 - Deferral Period: Maximum period until a cash compensation has to be triggered
- ECAG will shorten the optional Delivery and Deferral Period
 - ECAG will grant the mandatory Extension Period before starting a Buy-in
 - Delivery Period and Deferral Period are maximum periods and optional
 - Envisaged Delivery Period for ECAG triggered Buy-ins is
 - kept as today at 1 day for all categories except illiquid²⁰ shares
 - extended to 2 days for illiquid shares in case of a failed first Buy-in attempt
 - ECAG as the receiving party to the failing member is entitled to opt for a cash compensation at any time after a failed Buy-in attempt

¹⁹ ECAG is entitled by Clearing Conditions to shorten Buy-in periods to mitigate operational risks and increase settlement efficiency

²⁰ Liquidity indicator and CSDR Instrument Classification are part of the daily CSD and ECAG penalty reporting to a failing delivery instruction

- Therefore, ECAG will not grant the additional optional Deferral Period and will trigger cash compensation immediately (same day) after last scheduled but unsuccessful Buy-in attempt
- The related Buy-in schedule for an instrument is defined by the 'CSDR Instrument Class'²¹, the 'Liquidity Indicator' and the 'SME' classification, which are assigned by the (I)CSDs with the penalty calculation and reported in daily MT537 penalty message. ECAG will strictly apply the Buy-in schedule defined by the CSDR Instrument Class reported by the CSDs, no own instrument classification is taken

CSDR Buy-in category	SME Trade/instruction MT537: SMEM (SME Growth Market)	CSDR Instrument Class = Instrument Classification Type MT537 field 12A::CLAS/REGL/xxxx (Classification Type)	Liquidity Indicator MT537: LIQU (Liquidity Flag)
SME Growth Market Trades	Yes	N/A	N/A
Liquid shares	No	SHRS	Yes
Illiquid shares	No	SHRS	No
Debt instruments	No	DEBT	N/A
		SOVR	
Other Instruments - not fitting to another category	No	SECU	N/A
		ETFS	
		UCIT	
		MMKT	
		EMAL	
		OTHR	
		Also potential others	

Table 3: Mapping of CSDR Instrument Class, SME flag and Liquidity Indicator to the relevant CSDR Buy-in schedule

- While CSDR L1 Art. 7(4) provides a seven business day extension period for non-liquid shares, according to CSDR L1 Art. 7(5), this increased Extension Period is not granted to transactions cleared by a CCP (Extension Period non-liquid shares: CCP=4 BDs, OTC/non-cleared=7 BDs)

²¹ MT537 field 12A::CLAS/REGL/xxxx: xxxx= SHRS, SOVR, DEBT, SECU, EFTS, UCIT, MMKT, EMAL, OTHR

- All periods are measured in Business Days (BD) except the SME growth market 'Extension Period', where Calendar Days (CD) are noted

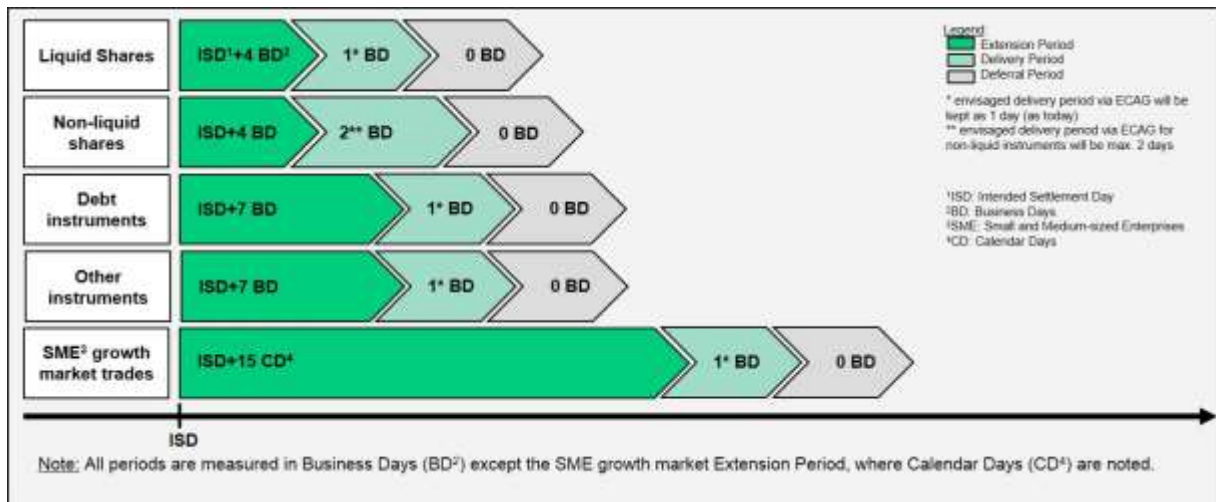


Figure 1: CSDR Buy-in schedules with mandatory Extension Period and Delivery- and Deferral periods as applied in ECAG's Buy-in process

3.3.2 Buy-in timeline with Securities CCP and ASDN process (Repo business)

Mandatory Buy-Ins of Repo trades are executed after the Extension Period and will apply on the front and term leg for all open and fixed term repos. But in case of transactions less than 30 days (time between front and term leg), term legs are not in scope of the Buy-In as the Buy-in is treated as 'ineffective' (CSDR L1 Art 7(4.b)). This exemption rule is not valid for Repos on CCP-cleared shares (CSDR L1 Art. 7(5)). Despite of that, ECAG may nevertheless execute a Buy-In according to its own procedure²², also on member request.

Depending on the applicable CSDR Buy-in schedule, the Buy-in day 'B' (equals the auction day) is the Business Day following the end of Extension Period. ECAG as CCP has to verify whether a Buy-in is possible on the business day following the expiry of the Extension Period (Buy-in day). As per CSDR L2 RTS Art. 21(a), a CCP can only consider a Buy-in as not possible if the relevant financial instrument no longer exists. In case a Buy-in is considered as not possible, immediate cash compensation will be triggered.

Initiation of the Buy-in

- On B-1 (B=Buy-in day): A pending delivery instruction (DI) exist at the CSD
 - ECAG sets the 'Buy-in block' as today on trade level, on evening before Buy-in
 - No new delivery instruction is created and send to the (I)CSD for the following settlement day
- On B (Buy-in/auction day):
 - Earliest at 08:30 (EACH market agreement), but depending on ECAG's effort

²² To mitigate operational risks and increase settlement efficiency

- ECAG sends Buy-in notification to CM as failing seller
- ECAG initiate the Buy-in at BIA by requesting participation in related instrument auction

Handling of Buy-in results

The Buy-in attempt can result in a successful full Buy-in, a partial Buy-in or failed Buy-in at all. Handling of Buy-in result will take place on B beside a second Buy-in attempt is applicable on B+1

- Full Buy-in
 - ECAG (Buy-in) settles the related trade of the failing seller (gross)
 - BIA delivers the securities to the ECAG account and ECAG is able to fulfil own delivery obligation
- Failed Buy-in
 - In case of illiquid shares²³ and the first Buy-in attempt
 - ECAG changes the 'Buy-in block' for the related trades of the failing seller after BIA feedback to 'member blocked'²⁴
 - ECAG instructs a new DI to the (I)CSD with ISD set to actual day, to enable further settlement of the seller and to get the potentially still pending DI in the (I)CSD penalty snapshot at (I)CSD cut-off
 - ECAG sets the 'BPSS' indicator on both legs of the new DI that avoids a 'Late Matching Fail Penalty' (LMFP) at the CSD²⁵
 - All other categories and after second Buy-in attempt
 - ECAG settles the related trade in 'Buy-in block' (gross)
 - ECAG triggers immediately (same day) cash compensation
- Partial Buy-in:
 - ECAG partially settles the related trades in 'Buy-in block' of the failing seller
 - BIA delivers the (partial) securities to the ECAG account
 - In case of illiquid shares and the first Buy-in attempt
 - ECAG re-instruct the open remaining quantity as new DI in status 'member blocked'²⁴ with ISD set to actual day, to enable further settlement of the seller and to get the potentially still pending DI in the (I)CSD penalty snapshot at (I)CSD cut-off
 - ECAG sets the 'BPSS' indicator on both legs of the new DI that avoids a 'Late Matching Fail Penalty' (LMFP) at the CSD²⁵
 - All other categories and after the second Buy-in attempt
 - ECAG settles the related trade in 'Buy-in block' (gross)
 - ECAG triggers immediately (same day) cash compensation

²³ Liquidity indicator and CSDR Instrument Classification are part of the daily CSD and ECAG penalty reporting to a failing delivery instruction

²⁴ Remaining quantity is always set to the status member-blocked and needs to be released by the member

²⁵ With ISD set to actual day no late matching fail can occur with or without 'BPSS'

3.3.3 Buy-in timeline with C7 SCS and TDN process

Depending on the applicable CSDR Buy-in schedule, the Buy-in day 'B' (equals the auction day) is the Business Day following the end of Extension Period. ECAG as CCP has to verify whether a Buy-in is possible on the business day following the expiry of the Extension Period (Buy-in day). As per CSDR L2 RTS Art. 21(a), a CCP can only consider a Buy-in as not possible if the relevant financial instrument no longer exists. In case a Buy-in is considered as not possible, immediate cash compensation will be triggered.

Initiation of the Buy-in

- On B-1 (B=Buy-in day): A pending delivery instruction (DI) exist at the CSD
 - No cancellation/hold will be performed on B-1 by ECAG
- On B (Buy-in/auction day):
 - Earliest at 08:30 (EACH market agreement), but depending on ECAG's effort
 - ECAG sends Buy-in notification to CM as failing seller
 - ECAG sets DI on-hold at (I)CSD (customer leg only²⁶): ECAG with PoA or in responsibility of CM
 - ECAG initiate the Buy-in at BIA by requesting participation in related instrument auction

Handling of Buy-in results

The Buy-in attempts can result in a successful full Buy-in, a partial Buy-in or failed Buy-in at all.

- Full Buy-in
 - ECAG cancels the DI on-hold²⁷ at the (I)CSD of the failing seller with PoA after BIA feedback, or only own leg and cancellation of member leg is in responsibility of CM
 - BIA delivers the securities to the ECAG account and ECAG is able to fulfil own delivery obligation
 - ECAG (buy-in) settles the related trade of the failing seller
- Failed Buy-in
 - In case of illiquid shares²⁸ and the first Buy-in attempt, ECAG keeps the DI of the failing seller after BIA feedback on-hold²⁹ (member leg), to enable further settlement of the seller and to get the potentially still pending DI in the (I)CSD penalty snapshot at (I)CSD cut-off

²⁶ Following CSDR, the failing participant (CM) has the obligation to set own instruction on hold, RTS Art. 27(2) 'Upon receipt of the notification referred to in paragraph 1, the failing Clearing Member shall ensure that any relevant delivery instruction relating to the settlement fail is put on hold'. Should ECAG not have a PoA and a Clearing Member fails to put the instruction on hold in time, with the possibility that the fail incorrectly settles, ECAG is entitled by amended Clearing Conditions to allow for suitable rectification and to levy additional fines.

²⁷ All Buy-in related actions on member delivery instructions are done on member leg by ECAG with PoA, or in own responsibility of the member itself, e.g. re-instruct, cancellation, set on-hold, release

²⁸ Liquidity indicator and CSDR Instrument Classification are part of the daily CSD and ECAG penalty reporting to a failing delivery instruction

²⁹ Remaining quantity needs to be released by the member

- All other categories and after second Buy-in attempt
 - ECAG cancels the DI²⁷ on-hold of the failing seller with PoA, or only own leg and cancellation of member leg is in responsibility of CM
 - ECAG triggers immediately (same day) cash compensation
- Partial Buy-in:
 - ECAG cancels the DI²⁷ on-hold at the (I)CSD of the failing seller with PoA after BIA feedback, or only own leg and cancellation of member leg is in responsibility of CM
 - BIA delivers the securities to the ECAG account
 - ECAG partially settles the related trade of the failing seller
 - In case of illiquid shares²⁸ and the first Buy-in attempt: ECAG re-instructs²⁷ the open remaining quantity on-hold³⁰ (member leg) and with original ISD (with PoA, or only own leg and member leg is in responsibility of CM), to keep the correct Buy-in schedule
 - ECAG sets the 'BPSS' indicator on both legs of the new DI to avoid a 'Late Matching Fail Penalty' (LMFP) at the CSD
 - All other categories and after the second Buy-in attempt
 - ECAG cancels the DI²⁷ on-hold of the failing seller with PoA, or only own leg and cancellation of member leg is in responsibility of CM
 - ECAG triggers immediately (same day) cash compensation for still remaining open quantity

3.3.4 Cash compensation, cash settlement

In case a Buy-in is identified as not possible, or after the last failed Buy-in attempt, ECAG will apply a cash compensation, same day after the auction.

- ECAG has to notify the failing Clearing Member of the cash compensation and amount calculated
- Also, receiving Clearing Members (to which ECAG has delivery obligations which cannot be fulfilled) have to be informed about the cash compensation. Compensation amount will be collected from failing member(s) and forwarded to the receiving member(s)
- The price according to CSDR L2 RTS Art. 32 has to be used: The market value without adding any premium should be considered for the determination of the cash settlement price
 - Price source for ECAG will be the daily MT537 penalty report of the CSD, the price can be derived by calculating based on the penalty amount
 - As the report will be provided only next day (BD+1) and the cash settlement has to be done intraday, market price of previous day has to be used
- In order to mitigate a potential cash imbalance, and in compliance with CSDR L2 RTS Art. 32, the settlement amounts shall be paid for all relevant delivery instructions. The market value of the financial instruments on the business day before the payment of the cash compensation will then substitute the securities component of the delivery instruction and shall also be paid
- Penalties shouldn't apply anymore on day of cash compensation, therefore ECAG has to ensure that the cash settlement process is finished before (I)CSD cut-off time in order to ensure that no penalties are charged on the day of the cash settlement.

³⁰ Remaining quantity needs to be released by the member

3.3.5 Costs of the Buy-in process and payment of price differences

It is important to note that CSDR L2 RTS Art. 34 and 35 make a distinction between the costs of the Buy-in, and the price of the financial instruments paid for in the Buy-in auction.

Costs of the Buy-in process

CSDR L2 RTS Art. 34 unequivocally states that all costs relating to the Buy-in shall be paid by the failing Clearing Member. ECAG will bill these costs (e.g. for Buy-in auction) to the failing Clearing Member separately as today.

Payment of price difference (CSDR L2 RTS Art. 35)

Where the price of the financial instruments of the Buy-in is greater than the settlement amount:

- According to CSDR L2 RTS Art. 35(1), when the price of the financial instruments of the Buy-in exceeds the settlement amount of the failed transaction, ECAG will charge the difference between these two amounts to the failing Clearing Member, so that ECAG has the necessary funds to cover the losses incurred as a result of the Buy-in as compared to the original transaction

Where the price of the financial instruments of the Buy-in is less than the settlement amount:

- According to CSDR L2 RTS Art. 35(2), when the price of the financial instruments of the Buy-in is less than the settlement amount of the failed transaction, no price difference payment is made to the failing delivering member as it is 'deemed paid'.

3.3.6 Buy-in process for not CSDR regulated instruments

The Buy-in process for not regulated instruments remains as today with following adaptations

- The intraday schedule, as time of notification, will be aligned to the regulated process
- The Buy-in Agent (BIA) under the roof of Eurex STS will also be used for auctions of not CSDR regulated instruments

3.4 Reporting

ECAG will provide three new CSDR penalty related reports in the Common Report Engine (CRE) (CCP folder) based on the CSD's MT537 penalty reporting but mapped to Clearing Member level. Reports provide joint view for penalties on instructions from Securities CCP and C7 SCS.

- Daily report (CE840 'Daily CSDR Penalties' report) on single penalty and delivery instruction level, enriched by the underlying trade data per pending delivery instruction
- Monthly report (CE845 'Monthly CSDR Penalties' report) of monthly aggregated penalty sums per Clearing Member and in addition with the granularity of single penalty and delivery instruction level
- Billing report CB226 similar to the current fee/fines report CB225 but only monthly in sync with the CSDR penalty booking schedule and with the new monthly aggregated collection and distribution view

Daily and monthly XML penalty reports CE840/CE845/CB226 will be provided in CRE (CCP folder) without subscription (preselection by ECAG). Clearing Members have to subscribe to the new billing report CB226 in printable format (as for other billing reports like CB225) via the Securities Clearing GUI of Securities CCP or report selection sheet.

The final report layouts will be published as part of the Report Reference Manuals (RRM) as announced in the CSDR Communication Calendar, CE840/CE845 in C7 SCS RRM, CB226 in C7 RRM.

3.4.1 Overview of CSDR related member reporting

Overview of CSDR related member reporting					
Report ID	Report Name	Delivery Time	RAW (XML) Format	Printable Format	Description
CE840	‚Daily CSDR Penalties‘	Daily for penalties of previous business day	Yes	No	Single penalty and delivery instruction level, enriched by the underlying trade data per pending delivery instruction
CE845	‚Monthly CSDR Penalties‘	14th BD of following month	Yes	No	Monthly aggregated penalty sums per Clearing Member and in addition with the granularity of single penalty and delivery instruction level
CB226	‚Monthly CSDR Penalties‘	15th BD of following month	Yes	Yes	Monthly aggregated penalty sums per CM, currency and ECAG settlement account, for billing of penalties. Including currency conversion and pro-rata adjustments

3.4.2 Daily penalty report CE840

Content of the new daily CSDR report CE840 ‚Daily CSDR Penalties‘. The field list and XML structure are for indication. The final report layouts will be published as part of the Report Reference Manual (RRM) of C7 SCS.

Daily penalty report CE840

XML field name	Field Description
ce840	
rptHdr	
exchNam	This field contains the clearing house ID.
envText	This field describes from which technical environment the report comes from.
rptCod	This field contains the report code.
rptNam	This field contains the report name.
rptFlexKey	This field contains the report flexible key.
membld	This field contains the member ID of the receiver of the report.
membLglNam	This field contains the legal name of the member.
rptPrntEffDat	This field contains the report print effective date of the report (Business Day for which the report is generated).
rptPrntEffTim	This field contains the report print effective time of the report.
rptPrntRunDat	This field contains report print run date of the report (Calendar Day on which the report is generated).
ce840Grp, repeated 0...variable times	
ce840KeyGrp	
membClgldCod	This field indicates the Clearing Member.
ce840Grp1, repeated 0...variable times	
ce840KeyGrp1	
clgHseSettlLoc	This field contains the settlement account location of the clearing house.
ce840Grp2, repeated 1...variable times	
ce840Keygrp2	

Daily penalty report CE840

XML field name	Field Description
clgHseSettlAcct	This field contains the settlement account of the clearing house.
ce840Grp3, repeated 0...variable times	
ce840KeyGrp3	
dlvSettlLoc	This field contains the settlement account location used for delivery. This field is not filled for Single Trades.
ce840Grp4, repeated 1...variable times	
ce840Keygrp4	
dlvSettlAcct	This field contains the settlement account used for delivery. This field is not filled for Single Trades.
ce840Grp5, repeated 1...variable times	
ce840KeyGrp5	
penCurrency	This field contains the currency of the penalty.
ce840Grp6, repeated 1...variable times	
ce840Keygrp6	
isin	This field contains the International Security Identification Number (ISIN) of the instrument.
ce840Grp7, repeated 1...variable times	
ce840KeyGrp7	
penComRef	This field contains the reference assigned to the penalty and that is common for both the customer and their relevant counterparty.

Daily penalty report CE840

XML field name	Field Description
penTyp	This field contains the type of cash penalty.
calcMthd	This field contains the calculation rule used to compute the cash penalty.
penStatus	This field contains the status of the reported cash penalty.
daysLat	This field contains the number of business days on which the cash penalty is applied.
penAmnt	This field contains the amount of the penalty calculated based on the instruction characteristics, the reason for the fail and relevant calculation method.
debCred	This field contains the Debit / Credit flag.
ce840DatGrp8, repeated 0...variable times	
ce840KeyGrp8	
penDat	This field contains the business day on which the penalty calculation details apply.
liquFlg	This field indicates whether the underlying financial instrument is considered a liquid financial instrument.
instClassTyp	This field indicates the classification type of the underlying financial instrument.
smeGwthMktFlg	This field indicates whether the underlying financial instrument is considered traded in a SME Growth Market.
penSecRate	This field contains the Security Penalty Rate, as well as the value of such rate, which has been applied to calculate the amount of the cash penalty.
penDiscRate	This field indicates the Cash Discount Penalty Rate that is used to calculate the amount of the cash penalty depending on the relevant settlement currency.
dlvId	This field contains a unique identifier of the Delivery Instruction used for the settlement of specified quantity and amount. This identifier is not communicated to the (I)CSD but used as internal reference.
dlvRef	This field contains a unique reference of the Delivery Instruction used for the settlement of specified quantity and amount. This reference is generated in C7 SCS and communicated to the (I)CSD. This reference is not populated for Cash-Only and Flat (Zero) Net Position Trades and Delivery Instructions generated by the (I)CSD due to Corporate Actions

Daily penalty report CE840

XML field name	Field Description
AcctServRef	This field contains the reference assigned by (I)CSD to the delivery instruction linked to the reported cash penalty.
buySellIndDivld	This field contains the information whether the Delivery Instruction is for Buy or Sell side from member perspective.
paymInd	This field contains the Payment Indicator.
failQty	This field contains the failed quantity of the delivery instruction.
failQtyTyp	This field contains the failed quantity type.
failAmnt	This field contains the failed amount of the delivery instruction.
ce840Rec, repeated 1...variable times	
membTrdnngldCod	This field contains the Trading Member ID.
trdNum	This field contains the Net Position Trade ID if trade is Net Position Trade. This field contains the Cash-Only Net Position Trade ID if trade is Cash-Only Net Position Trade. It will be External Trade ID if trade was received from the trading location.

Table 4: Daily penalty report CE840

3.4.3 Monthly penalty report CE845

Content of the new monthly CSDR report CE845 'Monthly CSDR Penalties'. The field list and XML structure are for indication. The final report layouts will be published as part of the Report Reference Manual (RRM) of C7 SCS.

Monthly penalty report CE845

XML field name	Field Description
ce845	
rptHdr	
exchNam	This field contains the clearing house ID.
envText	This field describes from which technical environment the report comes from.
rptCod	This field contains the report code.
rptNam	This field contains the report name.
rptFlexKey	This field contains the report flexible key.
membId	This field contains the member ID of the receiver of the report.
membLglNam	This field contains the legal name of the member.
rptPrntEffDat	This field contains the report print effective date of the report (Business Day for which the report is generated).
rptPrntEffTim	This field contains the report print effective time of the report.
rptPrntRunDat	This field contains report print run date of the report (Calendar Day on which the report is generated).
ce845Grp, repeated 0...variable times	
ce845KeyGrp	
membClgldCod	This field indicates the Clearing Member.
ce845Grp1, repeated 1...variable times	
ce845KeyGrp1	
penCurrency	This field contains the currency of the penalty.
sumPenAmntCur	This field contains the sum of the Penalties Amounts for the CM per currency.
debCred	This field contains the debit / credit flag

Monthly penalty report CE845

XML field name	Field Description
ce845Grp2, repeated 0...variable times	
ce845KeyGrp2	
clgHseSettlLoc	This field contains the settlement account location of the clearing house.
ce845Grp3, repeated 1...variable times	
ce845Keygrp3	
clgHseSettlAcct	This field contains the settlement account of the clearing house.
ce845Grp4, repeated 1...variable times	
ce845KeyGrp4	
dlvSettlLoc	This field contains the settlement account location used for delivery. This field is not filled for Single Trades.
ce845Grp5, repeated 1...variable times	
ce845Keygrp5	
dlvSettlAcct	This field contains the settlement account used for delivery. This field is not filled for Single Trades.
ce845Grp6, repeated 1...variable times	
ce845Keygrp6	
isin	This field contains the International Security Identification Number (ISIN) of the instrument.
ce845Rec, repeated 1...variable times	

Monthly penalty report CE845	
XML field name	Field Description
penComRef	This field contains the reference assigned to the penalty and that is common for both the customer and their relevant counterparty.
penTyp	This field contains the type of cash penalty.
penAmnt	This field contains the amount of the penalty calculated based on the instruction characteristics, the reason for the fail and relevant calculation method.
debCred	This field contains the Debit / Credit flag
dlvId	This field contains a unique identifier of the Delivery Instruction used for the settlement of specified quantity and amount. This identifier is not communicated to the (I)CSD but used as internal reference.
dlvRef	This field contains a unique reference of the Delivery Instruction used for the settlement of specified quantity and amount. This reference is generated in C7 SCS and communicated to the (I)CSD. This reference is not populated for Cash-Only and Flat (Zero) Net Position Trades and Delivery Instructions generated by the (I)CSD due to Corporate Actions
AcctServRef	This field contains the reference assigned by (I)CSD to the delivery instruction linked to the reported cash penalty.
buySellIndDlvId	This field contains the information whether the Delivery Instruction is for Buy or Sell side from member perspective.
paymInd	This field contains the Payment indicator

Table 5: Monthly penalty report CE845

3.4.4 Billing report CB226

Content of the new CSDR Billing report CB226 'Monthly CSDR Penalties'. The field list does not indicate the final XML report structure. The final report layout will be published as part of the C7 Report Reference Manual (RRM).

Billing report CB226

XML field name	Field Description
billMonth	Business Month of fee calculation (YYYYMM). Business Month is always one month previous than the current month in which report is created.
membClgldCod	Member ID of Clearing Member. Valid Member are GCM, DCM and Clearing Agent of BCM
settlLocat	Central Securities Depository where the member settlement account is located: <ul style="list-style-type: none"> • CBF = Clearstream Banking Frankfurt • CBL = Clearstream Banking Luxembourg • CCO = Euroclear UK & Ireland (Former CrestCo Ltd.) • EOC = Euroclear • SIS = SIS SegalInterSettle • CIK: Euroclear Belgium • SIC: Euroclear France • NEC: Euroclear Netherlands
settlAcct	Settlement account number of the member: <ul style="list-style-type: none"> • If Source is CCP, then Branch Settlement Account. • If Source is SCS, then Net Settlement Account
divDat	14th Business Day according CSD Calendar sent via CCP/SCS. The BSD will be same through whole file. If one CSD has different Calendar Day as 14th BSD, then this date will be the BSD of last CSD.
pnltValDat	Value date (17th BSD) of the penalty payment according CSD Calendar sent via CCP/SCS. The BSD will be same through whole file. If one CSD has different Calendar Day as 14th BSD, then this date will be the BSD of last CSD.
ccpSettlLocat	Central Securities Depository where the CCP settlement account is located: <ul style="list-style-type: none"> • CBF = Clearstream Banking Frankfurt • CBL = Clearstream Banking Luxembourg • CCO = Euroclear UK & Ireland (Former CrestCo Ltd.) • EOC = Euroclear • SIS = SIS SegalInterSettle • CIK: Euroclear Belgium • SIC: Euroclear France • NEC: Euroclear Netherlands
ccpSettlAcct	Settlement Account Number of the CCP/SCS

Billing report CB226

XML field name	Field Description
pnltCurrTypCod	<p>Currency of the Penalty:</p> <ul style="list-style-type: none"> • AUD = Australian Dollar • CAD = Canadian Dollar • CHF = Swiss Francs • EUR = Euro • GBP = Great Britain Pound • JPY = Japanese Yen • SEK = Swedish Krona • USD = US Dollar • DKK = Danish Kroner • NOK = Norwegian Kroner • PLN = Polish Zloty
pnltOriAmnt	Aggregated Penalty Amount sent from CCP/SCS or entered by Clearing OPS in (Penalty Currency)
pnltDistRat	Penalty Distribution Ratio in absolute values
pnltAmnt	Penalty Amount in Settlement Currency (Penalty Currency) after Penalty Distribution Ratio applied
ecbExchRat	ECB exchange rate of 14th BSD according T2S Calendar. If 14th BSD Exchange rates are missing, then 13th BSD exchange rates will be used.
currTypCod	<p>Billing Currency (Invoice Currency) is maintained in CRM4 per Sold to Party Role of each Clearing Member. Possible Billing Currency are:</p> <ul style="list-style-type: none"> • EUR • CHF • USD • GBP
billTotal	Penalty Amount converted from Penalty Currency into Billing Currency.
feeTypNam	Fee Description in language EN
addTxt	Additional Description from Manual Entries for Corrections

Table 6: Monthly billing report CB226

4 Abbreviations and Glossary of Terms

Abbreviations and Glossary of Terms	
Abbreviations	Description
AG	Aktiengesellschaft (public limited company)
ALM	Already matched
ASDN	Actual Settlement Date Netting
BD	Business Day
BIA	Buy-in Agent
BIC	Bank Identifier Code
C7 SCS	C7 Securities Clearing Service
CA	Corporate Action
CBF	Clearstream Banking Frankfurt
CBF-i	Clearstream Banking Frankfurt International
CBL	Clearstream Banking Luxembourg
CCP	Central Clearing Counterparty
CD	Calendar Day
CM	Clearing Member
CRE	Common Report Engine
CSC	Collective Safe Custody
(I)CSD	(International) Central Securities Depository
CSDR	Central Securities Depositories Regulation
DI	Delivery Instruction
DIN	Dual Instruction Netting
DvP	Delivery versus Payment
EACH	European Association of CCP Clearing Houses
ECAG	Eurex Clearing AG
ECSDA	European Central Securities Depositories Association
EOC	Euroclear Bank

Abbreviations and Glossary of Terms

Abbreviations	Description
EoD	End of the Day
ESMA	European Securities and Markets Authority
FoP	Free of Payment
FWB	Frankfurter Wertpapierbörse
ID	Identification number
ISD	Intended Settlement Day
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
LMFP	Late Matching Fail Penalty
MIC	Market Identifier Code
MT	Message Type
Participants	Used synonymously for 'Clearing Member and Settlement Institutions'
PoA	Power of Attorney
Repo	Repurchase Operation
RTS	Regulatory Technical Standards
RvP	Receive vs Payment
SCS	Securities Clearing Service
SDR	Settlement Discipline Regime
SEFP	Settlement fail penalty
SI	Settlement Institution
SIN	Single Instruction Netting
SME	Small and medium-sized Enterprises
SSR	Short Selling Regulation
(Eurex) STS	Eurex Securities Transactions Services GmbH
SWIFT	Global provider of secure financial messaging services
T2S	Target 2 Securities

Abbreviations and Glossary of Terms

Abbreviations	Description
TDN	Trade Date Netting
TM	Trading Member
XML	Extensible Markup Language

Table 7: Abbreviations and Glossary of Terms